

SUMMARY ANNUAL REPORT 2018/19

For the financial year ending
30 June 2019

*A copy of Council's full 2018/19
Annual Report is available
from nelson.govt.nz*



The Smart Little City SHAPING NELSON'S FUTURE



Nelson City Council
te kaunihera o whakatū

FOREWORD: MAYOR

E ngā mana, e ngā reo
E ngā rau rangatira mā
Tēnā koutou katoa

Looking back at the 2018/2019 year, I am both humbled and inspired by the support and resilience of the Nelson Tasman community. As a region, we faced one of the biggest challenges in recent years – the Pigeon Valley fires. The intensity and the duration of those fires placed our emergency services and local residents under immense pressure. However, the way our community rallied together was inspirational: people dropped everything to help stockpile clothes, food and supplies for the displaced families; iwi, emergency services, Civil Defence and council staff worked phenomenal hours, and people opened their homes and their hearts to help both neighbours and strangers. The concurrent drought put an already stretched water resource under even more pressure and resulted in significant water restrictions and economic losses. Last year, Cyclones Fehi and Gita wreaked havoc in our region leaving us with a repair bill in the millions for our region. Experiencing natural emergencies on this scale is not a new event but they are occurring with increasing frequency and intensity. The best advice we have is that climate change will bring even more of these extreme weather events.

In May this year, we took swift and decisive action and joined hundreds of governments, councils and organisations around the world in declaring a climate emergency, making us one of the first in the New Zealand local government sector to do so. This was done in recognition of the mounting advice from scientists and the United Nations that urgent action is needed if we are to avoid the most damaging effects of climate change. This issue affects us all and we need to harness the power of our business and community strengths to work alongside Council, to look at how

“

...we took swift and decisive action and joined hundreds of governments, councils and organisations around the world in declaring a climate emergency, making us one of the first in the New Zealand local government sector to do so.

..... ”

we can maintain our community wellbeing into the future.

As highlighted in the Long Term Plan 2018-2028, Council has continued its focus on paying particular attention to projects that deliver multiple benefits. Projects in one area can bring significant gains for another priority. In the 2018/19 year, Council has focused on issues which align with our four key priorities: infrastructure, environment, CBD development and lifting council performance, and there are a number of highlights. The accelerated programme to reduce inflow and infiltration into the wastewater system is well underway, aiming to reduce the risk of wastewater overflows into our waterways and Tasman Bay. Fewer overflows significantly benefits our environment and contributes to the smart development of our city. The Tahunanui shared pathway is also proving to be a great success, and it's been fantastic to see Stage One completed and already well patronised. Another highlight for the year has been the opening of the new Greenmeadows Centre. Whilst we appreciate this community centre has unfortunately been a long time coming, the end result has given the residents of Stoke a warm, spacious

and purpose-built space. Stoke Rugby, Cricket, Tennis and Stoke Seniors have all made Greenmeadows their home and the Centre is busy hosting a range of private and community events.

This past year has also seen Nelson Whakatū play host to a number of hugely successful events. Trafalgar Park was bursting at the seams last September when the All Blacks played Argentina, and Saxton Oval turned on the charm for the Black Caps over the summer as well. January kicked off with the sell-out music concert Bay Dreams coming to Nelson, with 20,000 music-lovers in town for the weekend. Hosting that number of people in a population of 51,000 is no small feat but Nelson absolutely delivered. We also had the triennial Eelco Boswijk Awards which recognise outstanding community service, with a particular focus on individuals or groups who are helping us achieve our vision that Nelson is The Smart Little City, he tāone tōrire a Whakatū.

Reading through the pages of this Annual Report, you will see how we continue to invest in our city, our

environment and our region. We have done this whilst still maintaining a healthy financial position including retaining our Standard & Poor's long term credit rating (stable outlook) and ensuring debt and rates remain within our caps. This Annual Report is a snapshot of the work we have carried out within the last 12 months. As you can see, through the dedication and determination of our people and partners, we have achieved a great deal.

I'd like to take this opportunity to thank everyone who has helped make Nelson Whakatū The Smart Little City, he tāone tōrire a Whakatū.

Ngā mihi nui



Rachel Reese
MAYOR OF NELSON



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2018 to 30 June 2019. The information is taken from Council's audited Annual Report 2018/19, adopted by Council on 31 October 2019. Complete information about Council's financial position and operation is provided in the full Annual Report 2018/19.

This summary Annual Report was authorised by the Chief Executive of the Nelson City Council on 29 November 2019.



Rachel Reese
MAYOR OF NELSON



Pat Dougherty
CHIEF EXECUTIVE



WELCOME TO OUR SUMMARY OF THE ANNUAL REPORT 2018/19

Each year in June Council produces its Annual Plan, which outlines the activities that we will undertake during the following 12 months. At the end of the year we produce a second document, our Annual Report, which includes a detailed set of audited financial statements. The Annual Report presents the detail of how successful we were in meeting our goals for that year, what we did well and where we under-achieved. It also includes the income Council has generated, and how much money it has spent.

This document is a summary of the Annual Report 2018/19. It gives a condensed overview of the key findings and provides a snapshot of Nelson City Council's performance, from 1 July 2018 to 30 June 2019.

You can read the full Annual Report at
www.nelson.govt.nz/annual-report-201819

A copy of the full Annual Report 2018/19 is available to read online at nelson.govt.nz, from all Council libraries, and from the Customer Service Centre.



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AUDIT REPORT

Independent Auditor's Report

To the readers of Nelson City Council's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Nelson City Council (the City Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 14 to 31:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include other explanatory information; and
- the summary key achievements and service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 31 October 2019.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS-43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary annual report, we have reported on the full annual report, we have audited the City Council's 2018-28 amended long-term plan, and performed a limited assurance engagement related to the City Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
29 November 2019



CLIMATE CHANGE AND OUR ENVIRONMENT

In recognition of the mounting evidence that there is a small window for action to avoid the most damaging effects of climate change, Nelson City Council identified it as one of its key issues of 2018/19, declaring a Climate Emergency on 16 May 2019.

Climate change is an urgent international, national, and local issue. Together with the rest of the world, New Zealand will face significant challenges from the effects of a changing climate. Projections suggest that in our lifetime Nelson will experience changes such as more frequent and more severe storm, drought, rainfall and heat events, sea level rise, acidification of the oceans, greater spread of weeds and pests, and a more challenging environment for agricultural and horticultural production.

Scientists and the United Nations have told us that we have a small window of opportunity to prevent the most damaging effects of

climate change. Doing so will require emissions reductions of 45% from 2010 levels by 2030, then reducing to net zero emissions by 2050.

Achieving these reductions will require changes in all aspects of society in order to reduce our net emissions (referred to as 'mitigation'). We will also need to adapt to the effects of climate change ('adaptation'). In taking measures to address climate change, Nelson will be joining a global collective effort. Efforts are underway worldwide at all levels of society, including by international organisations, national and local governments, and a wide range of other stakeholders such as businesses, schools, and community groups.

WHAT ARE THE POTENTIAL BENEFITS OF CLIMATE ACTION?

Building a climate-friendly, low emissions society and economy is a big challenge, but also an opportunity. Many of the necessary technologies already exist; the real challenge is to apply them. Research suggests that developing low emissions economies while tackling climate change can prevent higher costs associated with climate change and deliver economic benefits. The benefits of climate action could include:



New and 'green' jobs



Improved competitiveness



Improved urban air quality



Improved comfort and lower health risks



Improvements in biodiversity



New technologies such as electric cars and energy efficient buildings



Secure supplies of energy and other resources.

CLIMATE EMERGENCY DECLARATION

Nelson City Council declared a climate emergency on 16 May 2019. In doing so, we joined over 528 councils in nine countries, as well as the United Kingdom and Irish Parliaments. Several other councils in New Zealand have also declared a climate emergency. The declaration of a climate emergency is not a legal process and does not create any formal duties for action. However, it highlighted Council's commitment to play a key role in leading the community toward a resilient, low emissions future.

More information on the Climate Emergency Declaration can be found at <http://www.nelson.govt.nz/environment/climate-change/declaration-of-climate-emergency/>



WHAT WE'RE DOING

After making the Climate Emergency Declaration, Council commenced the following work before the close of the 2018/19 year:

SUPPORT

Committed to supporting the establishment of a community-led climate change forum, enabling action on climate change across the whole community, including iwi.

DEDICATED STAFF

Created a dedicated Council staff role (to be recruited in early 2019/20) to coordinate and oversee a climate change work programme. This will include support for the Climate Forum, as well as developing Council's strategic response to climate change.

REDUCING

Measured Council's organisational greenhouse gas emissions through our participation in the Enviro-Mark Certified Emissions Measurement and Reduction Scheme, and started investigations on how to reduce emissions.

INCLUSION

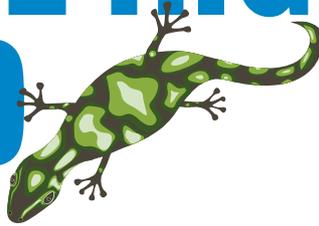
Included climate change considerations in Council's decision-making process.

IN ADDITION

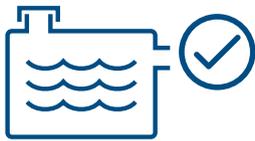
Council also decided to establish a \$500,000 reserve from the special dividend received in 2018/19 from the Port Company for further climate initiatives and actions. This will enable Council to respond to good ideas put forward by our community or identified by Council that assist us in meeting climate change mitigation and adaptation objectives.



OUR ACHIEVEMENTS: COUNCIL HIGHLIGHTS 2018/19



HERE ARE A FEW OF THE GREAT THINGS WE ACHIEVED THIS YEAR:



COMPLETED

the water treatment plant membrane renewals project

See page 28 of full Annual Report 2018/19



UPGRADED

the stormwater pipes in Nile Street East.

See page 39 of full Annual Report 2018/19



PROGRESSED

an accelerated programme to reduce inflow and infiltration into the wastewater system.

See page 3 of full Annual Report 2018/19

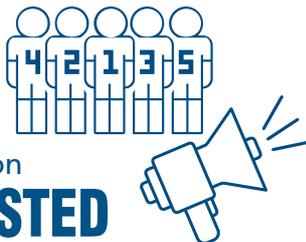


Greenmeadows Community Centre in Stoke

OPENED

to the public on 9 June 2019.

See page 65 of full Annual Report 2018/19



Nelson

HOSTED

its first All Blacks game, where they played Argentina at Trafalgar Park.

See page 65 of full Annual Report 2018/19

The inaugural Bay Dreams music festival successfully

HOSTED

20,000 people.

See page 66 of full Annual Report 2018/19



PREPARED AND ADOPTED

the Nelson Tasman Future Development Strategy (FDS) in July 2019. The FDS provides a framework for planning for residential and business growth across our region, and also future investment in infrastructure.

See page 57 of full Annual Report 2018/19

RENEWED
2,470

metres of footpath, and

ADDED a further

1,425

metres of new footpath.

See page 21 of full Annual Report 2018/19



CONSTRUCTED

stage one of the Tahunanui shared cycleway network.

See page 21 of full Annual Report 2018/19

974



building consents received with the

VALUE OF THE WORK INCREASING SIGNIFICANTLY

from \$165.52 million in 2017/18 to
\$254.14 million in 2018/19.

See page 57 of full Annual Report 2018/19



COMPLETED

the LED streetlight
conversion project.

See page 21 of full Annual Report 2018/19



LAUNCHED

the Tasman Nelson Regional Pest Management Plan 2019-2029 alongside Tasman District Council, to provide a framework for the management or eradication of specified pest organisms in the Tasman Nelson region.

See page 57 of full Annual Report 2018/19



ADOPTED

the Kotahitanga mō te Taiao Strategy, helping to align landscape-scale conservation efforts between Department of Conservation, the community, some Te Tau Ihu iwi, and all councils in the top of the South Island.

See page 57 of full Annual Report 2018/19



LAUNCHED

City For All Ages on 22 July 2019, a community-led project which Council is facilitating and supporting, to assist with preparing for the challenges and opportunities Nelson's aging population may bring.

See page 65 of full Annual Report 2018/19

WORKING WITH MĀORI AND IWI

Council is committed to working with iwi and Māori to ensure there are structures for partnership, and opportunities to contribute to decision-making processes.

During 2018/19 all parties worked hard to ensure Māori had the opportunity to contribute to the decision-making processes of Council. There are many ways this happens including:

- The Council Kaumātua assisted the Mayor and Council on official occasions providing cultural support for citizenship ceremonies, civic events, and welcoming dignitaries.
- The position of Kaituitui, Coordinator Māori Partnerships, was appointed to provide administrative support to the Kaihautū, Manager Māori Partnerships.
- Council passed a resolution that an Iwi-Council Partnership Group be established to review the Memorandum of Understanding and develop an Engagement and Partnering Strategy.
- Council and Iwi Managers Group met quarterly to discuss management matters.
- Iwi appointments were been made to the Nelson Regional Sewerage Business Unit and the Nelson Tasman Regional Landfill Business Unit. Two iwi appointments were made to the Nelson Regional Development Agency.
- The Mayor continues to sit on the Whakatū Marae Committee.
- 80 Council employees participated in the He Waka Kuaka beginners Te Reo Māori programme during 2018/19.

You can read about all this in the Council's Working with iwi and Māori in the 2018/19 Annual Report.

OUR ACTIVITIES

KEY ACHIEVEMENTS AND SERVICE PERFORMANCE

Council has eleven activities:

Transport	15
Water Supply	16
Wastewater	17
Stormwater	18
Flood Protection	19
Solid Waste	20
Environment	21
Social	22
Parks and Active Recreation	23
Economic	24
Corporate	25

For more detailed information please refer to the full Annual Report 2018/19

PERFORMANCE MEASURES

Council measures its performance each year using indicators that are set through the Long Term Plan, a number of which are based on the feedback we receive during the Annual Residents' Survey. The results present us with a high level view of the organisation's performance.

Under the Long Term Plan 2018-28, Council reports on 80 non-financial performance measures across its 11 activity areas. In 2018/19 71% of these were achieved, compared with 58% in 2017/18. This is a significant improvement in achieving our targets. Detailed information on the targets are included in the full Annual Report.

The chart below summarises the results by activity area, with the total number of measures per activity listed alongside the name.

PERFORMANCE MEASURE RESULTS 2018/19 AS A PERCENTAGE OF TOTAL MEASURES PER ACTIVITY





TRANSPORT

Council's transport activity includes building, operating and maintaining physical infrastructure, and the environment on road reserves, for driving, cycling and walking. Council also manages road safety, parking control, traffic control and public transport services.

COUNCIL'S TRANSPORT ACTIVITIES INCLUDE:

- A road network including roading, structures such as bridges and retaining walls, footpaths, cycleways, road safety, street cleaning, and lighting
- Public transport including the NBus service and the Total Mobility Scheme
- Inner city parking
- Management of properties on the road reserve.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	8.8	7.5
Operating Expenditure	12.9	12.3

These figures are approximate, see the full Annual Report 2018/19 for details.

HIGHLIGHTS FOR 2018/19

The capital expenditure in transport activity was approximately \$7.5 million (including subsidised and unsubsidised roading projects).

Key activities included:

- Construction began on the Saltwater Creek Bridge replacement.
- Over 18 kilometres of road re-sealed and four kilometres of either new or renewed footpaths.
- 123 condition assessments were completed on roading bridges.
- Bridge renewal work on the Westbrook Bridge, Collingwood Street Bridge, and Trafalgar footbridge
- 434 retaining walls were assessed, catalogued and recorded in our Geographic Information System (GIS).
- Construction of stage one of the Tahunanui shared path cycleway network (along Annesbrook Drive).
- The reintroduction of the Stoke Loop bus service (public transport patronage grew 5.1% over the 12 month period).
- More than 2,000 school students received 'bike ready' skills and scooter skills training.
- Data collected on the numbers of people walking and cycling indicates a 5% growth in walking and cycling volumes since 2015.
- The installation of new LED streetlights has been very successful. This project is expected to provide annual cost savings of approximately \$100,000.
- A project commenced in our city centre to fit seagull-proof lids to the rubbish bins. The majority of the lids have been fitted, with work continuing in 2019/20.

WATER SUPPLY

Council supplies high quality water to most Nelson households and businesses through a piped network. Providing safe water to the city is a major part of Council's core business, because a good quality, reliable water supply is essential for community and environmental wellbeing.

HIGHLIGHTS FOR 2018/19

The water treatment plant membranes renewal project was completed with a saving of \$230,000.

1,254 residential water meters at the end of their useful lives had been installed by 30 June 2019. Completion of this programme is planned for June 2022.

Approximately 1km of water pipe along Annesbrook Drive was renewed and a 2km section north of Wakatu Drive was completed to align with the Tahunanui Shared Cycleway project.

The drought in February 2019 was a challenge for our region as river flows dropped. While the Maitai dam provides good security of supply for the city it does not guarantee an unlimited supply, and water restrictions are necessary at times to ensure we do not run out of water. During the drought, the following actions were undertaken:

Assisted Tasman District Council by supplying water to parts of Richmond.

Continuous modelling of water usage and dam storage.

Managed water quality issues.

An extensive public awareness campaign about the water restrictions.

Fixed a significantly higher number of leaks than usual.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	8.4	7.0
Operating Expenditure	7.9	7.9

These figures are approximate, see the full Annual Report 2018/19 for details.



WASTEWATER

Council provides a wastewater system for the collection, treatment and disposal of wastewater discharged into Nelson’s sewers. There are two treatment plants – one in Nelson North and one at Bell Island.

Activities include operation and maintenance of the facilities and the network of pipes, manholes and pump stations in the city.

HIGHLIGHTS FOR 2018/19

An upgrade of the Neale Park wastewater pump station was carried out to reduce odour, improve overflow facilities, provide for peak flow pumping requirements and reduce pressure on the downstream network.

The wastewater pump station at Corder Park was upgraded. The new system includes an improved odour control system.

Monitoring and investigation of inflow and infiltration levels is underway at two trial catchments, Rutherford Street and Washington Valley. This is a priority project as inflow and infiltration (where groundwater and/or stormwater gets into the sewer system) can lead to overflows into our freshwater and the sea.

Council continued with pipe renewals and repairs to our own assets to reduce inflow and infiltration in to the network, including sewer renewals and numerous manhole replacements at a total cost of approximately \$730,000.

Transferred sludge from the Nelson Wastewater Treatment Plant to the landfill ahead of schedule.

Other wastewater renewals and maintenance carried out in 2018/19 included wastewater pipes in Collingwood, Halifax and Hardy Streets.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	7.1	6.3
Operating Expenditure	7.5	7.6

These figures are approximate, see the full Annual Report 2018/19 for details.



STORMWATER

The stormwater network covers the infrastructure that carries stormwater to waterways and the sea.

Council provides a stormwater system to prevent harm to people and property, and to protect the environment from uncontrolled stormwater discharges.

In large parts of the city a fully-piped system is not provided. Stormwater soaks into the ground or flows into road channels, which is often the primary drainage system. Work continues to expand the piped network to areas of the city where this is lacking.

HIGHLIGHTS FOR 2018/19

Discussions and negotiations with landowners regarding an upgrade of the public stormwater system.

Updates to the detailed design and site investigations regarding the Montcalm/Arrow/Washington Valley/Hastings stormwater upgrade are being finalised. Construction is currently programmed for 2020/21.

Upgrade of the stormwater pipes in Nile Street East was completed.

Options to upgrade the capacity of the Little Go Stream stormwater system between Waimea Road and Wellington Street/Rutherford intersection is underway.

The Stoke Stormwater Strategy pilot project included stormwater network capacity analysis, mapping of secondary flow paths, and stream surveys to assess the environment. The stormwater network model is largely complete.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	2.6	1.7
Operating Expenditure	1.9	2.3

These figures are approximate, see the full Annual Report 2018/19 for details.



FLOOD PROTECTION

The Nelson stormwater and flood protection system is in two parts – the natural waterways, and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways.

Operations and maintenance in Council’s flood protection activity centres on the rivers and streams in the urban area of Nelson. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear. Future upgrading works are expected to be required as a result of climate change and will follow a risk-based approach.

HIGHLIGHTS FOR 2018/19

Identification of appropriate flood response for the Maitai River in urban areas continued.

The York Stream channel upgrade was completed from the Bishopdale intake at Market Road through to Tipahi Street.

Initial design work has been completed to upgrade the channel and culverts between Main Road Stoke through the Wakatu Industrial Estate to the State Highway at Wakatu Drive. Negotiations with landowners commenced in July 2019.

Works to construct a new bridge to serve the Summerset development were completed in 2018/19. A resource consent is being sought for the construction between Saxton Field and Ngati Rarua Street, which is anticipated to be completed from 2019 to 2021.

A long-term flood remediation programme for Orphanage Stream began. Construction is planned for the 2019/20 financial year.

Updating river flood models for the new High Intensity Rainfall Design System datasets and format progressed. Mapping required for the Nelson Plan is largely complete. The project will continue into 2019/20.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	4.7	1.9
Operating Expenditure	1.1	1.1

These figures are approximate, see the full Annual Report 2018/19 for details.



SOLID WASTE

Good public health and wellbeing depend on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material.

Council provides management and minimisation services to reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment.

HIGHLIGHTS FOR 2018/19

A range of waste minimisation activities were undertaken in 2018/19. This included a focus on encouraging households to divert organic waste by composting. The year also saw programmes initiated to educate on the issue of textile waste.

The Nelson City Council and Tasman District Council Regional Landfill started as a joint operation from 1 July 2017. Each Council has a 50% share of the joint landfill.

The amount of waste per person disposed of at landfill (excluding contaminated soil and waste from outside the region) during 2018/19 was 634kg per person (excluding the estimated 32kg per person from the Pigeon Valley fires). This is a decrease of 9kg from the 643kg per person recorded in 2017/18.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	0.11	0.38
Operating Expenditure	8.1	7.3

These figures are approximate, see the full Annual Report 2018/19 for details.



ENVIRONMENT

As a unitary authority, Nelson City Council has a wider span of environmental management responsibilities than most other Councils. These functions include: environmental science and non-regulatory programmes for air, freshwater, coastal and marine environments, land management, biodiversity, biosecurity, and environmental education.

HIGHLIGHTS FOR 2018/19

Science and Environment

Targets for air quality were met and air quality saw significant improvement.

Targets for freshwater were met. 100% of pristine sites maintained.

The Waimea Inlet Management Strategy was completed and approved.

Over 42,000 plants were provided to landowners through the Sustainable Land Project.

The Kotahitanga mō te Taiao Strategy was adopted, helping align landscape-scale conservation efforts between the community, iwi, councils and Government agencies across the top of the South.

Planning Team

Council began developing a strategic response to coastal hazards and climate change, including sea level rise, together with the community.

The draft Nelson Plan was brought together as one document for the first time.

City Development

The Future Development Strategy was prepared and adopted by Council in July 2019.

The City Centre Programme Plan was developed with input from stakeholders.

Building and Consents and Compliance

The Council received 974 building consents this year with a value of \$254.14m.

743 Code Compliance Certificates were issued.

Identification of priority earthquake-prone buildings is well advanced.

348 resource consent decisions were issued.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	(0.18 deficit)	(0.27 deficit)
Operating Expenditure	12.5	13.1

These figures are approximate, see the full Annual Report 2018/19 for details.

SOCIAL

Council works with the community to deliver a range of social, arts and heritage facilities and services, such as our libraries and Founders Heritage Park. Council also funds events such as the Arts Festival, and provides investment and support to key community-owned facilities like the Theatre Royal and the Nelson Centre of Musical Arts.

HIGHLIGHTS FOR 2018/19

Community Facilities

The Greenmeadows Community Centre in Stoke was completed and opened.

Social Development

Following public consultation Council made the decision to divest its community housing assets. \$8.32 million of the net proceeds will be used to fund future work on housing in Nelson. Additional funds will be used to pay down debt.

The City For All Ages project was launched. This is a community-led project which Council is facilitating and supporting.

Council led a partnership project aimed at strengthening community governance in our region.

Council funded activities for young people focussed on youth leadership.

A Youth Leadership Forum was held in May 2019 for over 200 young people.

The Mayors Taskforce for Jobs celebrated the success of more than 80 Nelson graduates.

Libraries

The proposed redevelopment of the Elma Turner Library progressed with community engagement.

The Stoke library reopened on 1 July 2019.

Arts, Heritage and Events

Bay Dreams South was successfully delivered to 20,000 people.

Nelson hosted the All Blacks vs Argentina Investec Rugby Championship test match at Trafalgar Park, with 22,000 people attending the game.

The Taurapa sculpture was successfully installed in Rutherford Park.

The Arts Festival, Summer Events programme, Nelson Busker's Festival, and Kai Festival were successfully delivered for our city.

Founders Heritage Park attracted 115,700 visitors, Broadgreen House had 4,000 visitors, Isel House welcomed more than 4,800 visitors.

The Heritage Festival had a well-received programme of events.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	2.8	4.1
Operating Expenditure	14.2	15.0

These figures are approximate, see the full Annual Report 2018/19 for details.

PARKS AND ACTIVE RECREATION

Council provides active recreation opportunities for Nelsonians and visitors through infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. We also assist in the protection of Nelson's biodiversity, heritage, rivers and coast.

HIGHLIGHTS FOR 2018/19

Recreation and Facilities

Community housing renewal work was confirmed with the Nelson Tasman Housing Trust.

Saxton Field hockey turf was successfully replaced in December 2018.

The first stage of an investigation into a youth facility in Stoke was completed.

A skate ramp was installed in Tahunanui.

Stage one of sealing four hardstand bays at the Marina was completed.

A new recreation hub was installed in the Brook Valley.

Investigation into a recreation hub in the Maitai Valley is underway.

The Queen's Gardens permanent toilet facility was completed.

Parks and Reserves

A steep section of the Grampians was bypassed with a new section of track.

The detailed design for the Marsden Valley Cemetery extension was completed.

A playground was installed at Mako Street Reserve.

Work was completed on the upgrade of the playground at Ngawhatu Reserve Sportsfield.

The Brook Waimarama Sanctuary Visitors Centre was improved.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	6.8	4.4
Operating Expenditure	14.3	15.2

These figures are approximate, see the full Annual Report 2018/19 for details.



ECONOMIC

Council has a role in creating a successful, sustainable and economically viable region and fostering economic development. The economic development activity is largely delivered through the Council owned Nelson Regional Development Agency (NRDA). Council's funding for the NRDA was \$1.3m million in 2018/19.

HIGHLIGHTS FOR 2018/19

Council supported the development of a new regional economic development strategy - Te Taihu Intergenerational Strategy, which is expected to be completed later in 2019, followed by the implementation phase.

The Provincial Growth Fund confirmed funding of \$6 million to help establish a National Algae Centre in Nelson, through the Cawthron Institute.

Council provided funding for Uniquely Nelson and the Nelson Tasman Business Trust.

Upper Trafalgar Street was declared a permanent pedestrian area.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	0	0
Operating Expenditure	2.0	1.8

These figures are approximate, see the full Annual Report 2018/19 for details.



CORPORATE

Council’s corporate activity includes finance and administration, governance services, local government elections, and behind the scenes support services to ensure the smooth running of the organisation.

HIGHLIGHTS FOR 2018/19

Council prepared, consulted on and adopted the Annual Plan 2019/20.

Nelson City Council declared a climate emergency on 16 May 2019.

Council is working towards developing commercial opportunities for the Haven Precinct, to revitalise and enhance this area.

Five new cases about Council were opened by the Office of the Ombudsman. Two had a final opinion that was upheld, three cases are still under review.

Council received quarterly reporting on its key risks during 2018/19.

Internal audit reviews were carried out and completed on the following:

- Library Revenue Control Environment
- Performance Management System
- Property and Facilities Maintenance Contract
- Contractor Management.

Business improvements began for our Contract Management System.

A review started of our current information system for our asset management.

Key health, safety and wellbeing updates were reported to Council quarterly.

1,848 rates rebates interviews were completed, and \$1.057 million in rebates were approved.

The 2018/19 Residents’ Survey was undertaken with improvements reported.

Council increased staffing in critical areas with 21.2 FTE’s recruited.

New systems of monitoring and reporting on programmes and projects were implemented.

	Budgeted for 2018/19 (\$ million)	Actual Spend 2018/19 (\$ million)
Capital Expenditure	15.0	7.3
Operating Expenditure	12.8	13.0

These figures are approximate, see the full Annual Report 2018/19 for details.



KEY FINANCIAL INFORMATION

FINANCIAL OVERVIEW

Council is required under the provisions of the Local Government Act 2002 (section 101) to manage its revenues, expenses, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of its community.

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even).

The Annual Report shows that Council recorded a net surplus before revaluations for the year ended 30 June 2019 of \$5.2 million, which was \$7.9 million less than budget. An explanation of this variance can be found in note 40 in the Notes to Accounts section. The surplus was \$10.8 million for the 2017/18 financial year.

It should be noted that the word 'surplus' is an accounting term, and is different from the rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluations and vested assets which are required to be treated as income for accounting purposes.

Council's borrowings net of deposits and cash as at 30 June 2019 were \$85.6 million.

This full Annual Report 2018/19 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars.

The financial statements of Nelson City Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.

A copy of the full Annual Report 2018/19 is available online at nelson.govt.nz, from all Council Libraries, and from the Customer Service Centre.

FINANCIAL STATEMENTS

Nelson City Council's full financial statements have been prepared in accordance with Tier 1 PBE standards.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The summary financial statements comply with PBE Standards as they relate to summary financial statements.

SUMMARY OF STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2019

	Council			Group	
	Actual 2019	Annual Plan 2019	Actual 2018	Actual 2019	Actual 2018
	\$000	\$000	\$000	\$000	\$000
Total Operating Revenue	116,286	122,080	114,697	127,421	124,070
Total operating expenditure *	111,055	108,987	103,851	125,998	115,265
Surplus/(deficit) before tax	5,231	13,093	10,846	1,423	8,805
Share of Associates surplus/(deficit)	0	0	0	9,448	9,005
Less taxation	0	0	0	(180)	(318)
Net Surplus	5,231	13,093	10,846	10,691	17,492
Gains/(Losses) on property revaluation	40,814	17,501	42,935	40,814	42,935
Share of Associates revalued movements	0	0	0	(855)	4,905
Total Comprehensive Revenue	46,045	30,594	53,781	50,650	65,332
* includes finance costs of:	4,492	5,022	4,320	4,628	4,431

SUMMARY OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

Equity at start of year	1,464,757	1,440,535	1,411,321	1,597,571	1,532,807
Equity released on disestablishment	0	0	0	0	0
Equity adjustment on establishment	0	0	(878)	0	(878)
Prior year adjustment	0	0	0	0	(68)
Transfer from reserves	0	0	533	0	378
Total Comprehensive Revenue	46,045	30,594	53,781	50,650	65,332
Equity at end of year	1,510,802	1,471,129	1,464,757	1,648,221	1,597,571

SUMMARY OF STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Current assets	44,064	14,900	26,887	49,547	32,194
Non-current assets	1,601,074	1,589,901	1,562,031	1,737,706	1,694,459
Total assets	1,645,138	1,604,801	1,588,918	1,787,253	1,726,653
Current liabilities	30,458	30,575	24,754	32,851	27,438
Non-current liabilities	103,878	103,097	99,407	106,181	101,644
Total liabilities	134,336	133,672	124,161	139,032	129,082
Total net assets	1,510,802	1,471,129	1,464,757	1,648,221	1,597,571
Retained earnings	425,191	474,578	422,300	484,733	476,382
Other reserves	1,085,611	996,551	1,042,457	1,163,488	1,121,189
Total equity	1,510,802	1,471,129	1,464,757	1,648,221	1,597,571

SUMMARY OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

Cashflows from operating activities	33,095	31,422	37,516	34,252	38,774
Cashflow from investing activities	(29,736)	(43,643)	(34,389)	(31,326)	(35,917)
Cashflows from financing activities	4,600	12,405	4,050	4,920	4,229
Net increase/(decrease) in cash held	7,959	184	7,177	7,846	7,086
Plus opening cash balance	7,432	455	255	8,448	1,362
Closing balance	15,391	639	7,432	16,294	8,448
Represented by:					
Cash and cash equivalents	15,391	639	7,432	16,294	8,448
Bank overdraft	-	-	-	-	-
	15,391	639	7,432	16,294	8,448

SUMMARY OF COMMITMENTS AND CONTINGENCIES AS AT 30 JUNE 2019

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$000	\$000	\$000	\$000
Commitments under:				
Capital contracts	6,799	7,240	20,497	20,602
Operating leases as lessor	7,694	8,302	33,107	28,578
Operating leases as lessee	1,423	1,440	2,054	1,794
No quantifiable contingent assets				
Claim lodged with Ministry of Civil Defence and Emergency Management for emergency recovery works	0	0	0	0
Contingent Liabilities				
No quantifiable contingent liabilities				

EVENTS OCCURRING AFTER THE BALANCE DATE

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August to 1.0% and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rate swaps.

On 25th September 2019 Jetstar announced a consultative proposal to withdraw regional services which includes those servicing Nelson. This withdrawal by Jetstar may reduce Nelson Airport Ltd's future revenue, of which Nelson City Council is a 50% shareholder, and could have a marginal flow on impact on the valuation of the airport assets. At this stage the financial impact of this withdrawal cannot be quantified as Nelson Airport Ltd is continuing to focus on their growth strategy and expect that based on demand, other carriers will increase their services to mitigate some of the impact of Jetstar's withdrawal.



EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

STATEMENTS OF COMPREHENSIVE REVENUE AND EXPENSE

Total operating income \$5.8 million less than budget:

Other gains of \$6.1 million less than budget reflect the following non cash items:

- Interest rate swap valuations (\$4.4 million). Council utilises interest rate swaps to minimise exposure to interest rate movements. These derivatives are revalued annually.
- Losses on abandoned assets (\$1.9 million). "Abandoned assets" refer primarily to assets which have been replaced earlier than anticipated, resulting in the residual book value being written off.
- Other unbudgeted movements on the valuation of assets of \$200,000.
- Other revenue is \$4 million less than budget. Significant items include:
 - The value of assets vested to Council by developers is \$3.9 million less than budget. The timing of vested asset receipts is dependent on the development cycle of individual developers;
- NTRLBU income is under budget by \$1.1 million. The movement is the result of a change in the accounting treatment applied to NTRLBU.
- Dividend income is over budget by \$882,000. This relates to additional income of \$450,000 from Port Nelson Ltd, which includes a special dividend of \$750,000, offset by ordinary dividends being \$300,000 under budget due to timing difference between setting the budget and Port Nelson Ltd's

Statement of Corporate Intent being received. An additional \$415,000 was received from the Airport, of which \$375,000 relates to a timing difference in receiving the prior year's dividend.

- Other revenue items totalling \$118,000 over budget;
- Fees and charges are \$793,000 more than budget. More details can be seen in the activities section, however the most significant items are:
 - Nelson Tasman Regional Landfill Business Unit (NTRLBU) income is over budget by \$1.1 million. The movement is the result of a change in the accounting treatment applied to NTRLBU.
- Other fees and charges totalling \$307,000 under budget.

Development and subdivision reserves contributions are \$2.7 million higher than anticipated. The receipt of development contributions reflects the development cycle of individual developers and is not within the control of Nelson City Council.

Total operating expenditure was \$2.1 million more than budget:

Personnel costs were \$211,000 less than budget, which relates to staff vacancies.

Other Expenses were over budget by \$2.4 million. More details can be seen in the activities section, however the most significant items are:

- Temporary staff costs were \$533,000 more than budget, relating to the use of temporary staff to backfill vacancies.
- Unprogrammed expenditure of \$395,000 relating to the February 2018 storm event.
- An additional \$324,000 has been spent on preliminary feasibility studies. These items relate to infrastructure for the storm, water and flood protection capital programme.

- Unprogrammed service delivery costs were over budget by \$315,000, including items such as the Brook Camp, Maire Stream remediation, provision of freedom camping amenities and the Bay Dreams festival. Most of these items have been offset by additional income.
- Venue Hire expenses \$256,000 more than budget, this relates to increased management costs and is offset by increased income.
- Unprogrammed asset maintenance costs were over budget by \$230,000, due to increased use of sports parks and drought related costs, as well as additional water reactive maintenance.
- Other expenditure items totalling \$347,000 over budget.

Finance Costs \$530,000 less than budgeted, this is due to lower levels of debt than anticipated during the budgeting process and more favourable interest rates than anticipated.

Depreciation and amortisation expenses were \$452,000 greater than budget. This is the result of the revaluation of assets being higher than budgeted, which has resulted in a higher depreciation expense.

OTHER COMPREHENSIVE INCOME

The infrastructure assets are revalued every year to smooth out the large fluctuations, and land is revalued when its fair value diverges materially from its carrying value. The revaluation as at 30 June 2019 resulted in a total increase in asset value of \$40.8 million, \$23.3 million more than budget. Council revalued land as at 30 June 2019 which comprised \$25.6 million of the revaluation increase.

STATEMENTS OF FINANCIAL POSITION

Current assets are \$28.9 million greater than budget. This relates to \$14 million of unbudgeted term deposits, which includes unbudgeted cash surpluses and a \$10 million deposit held to offset the prefunding of debt. \$10.9 million has also been transferred to assets held for sale to reflect the intention to sell Community Housing and the State Advances Building.

Property, plant, and equipment was \$11.3 million more than budget. The opening balance at the 1 July was \$15.7 million more than forecast at the time of setting the budget. Revaluations were \$23.3 million more than budget. Capital additions were \$15 million less than budget, \$10.9 million has been transferred to assets held for sale, vested assets were \$3.9 million less than budget, and other disposals and impairments were \$2.1 million more than budget.

Current trade and other payables are \$4.3 million more than budget. \$2.3 million relates to higher than anticipated payables due at 30 June 2019. There is also an additional \$920,000 in accrued expenditure and \$662,000 held in deposits and bonds.

The Council's external borrowings as at 30 June 2019 were \$101 million, which is \$9.6 million below budget. External borrowings are summarised in Note 28 of the financial statements. In 2018/19 Council also undertook to pre fund \$10m of debt due to mature in July 2019 in order to take advantage of favourable interest rate margins at the time. There is an offsetting term deposit in place to match the pre funding.

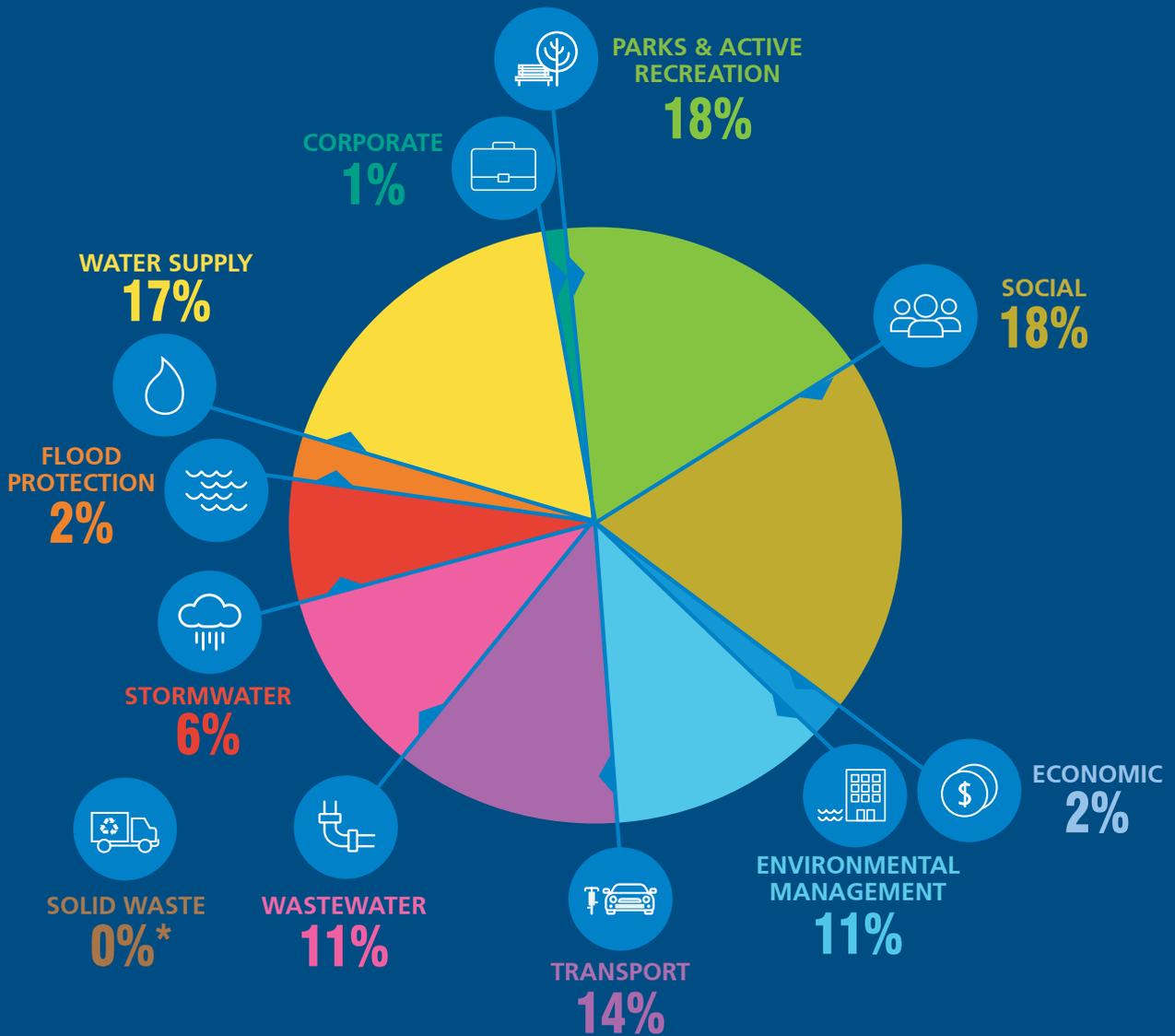
Total provisions \$637,000 more than budget. This relates to the NTRLBU and a change in the methodology in calculating the closure and post closure provision of the landfill.



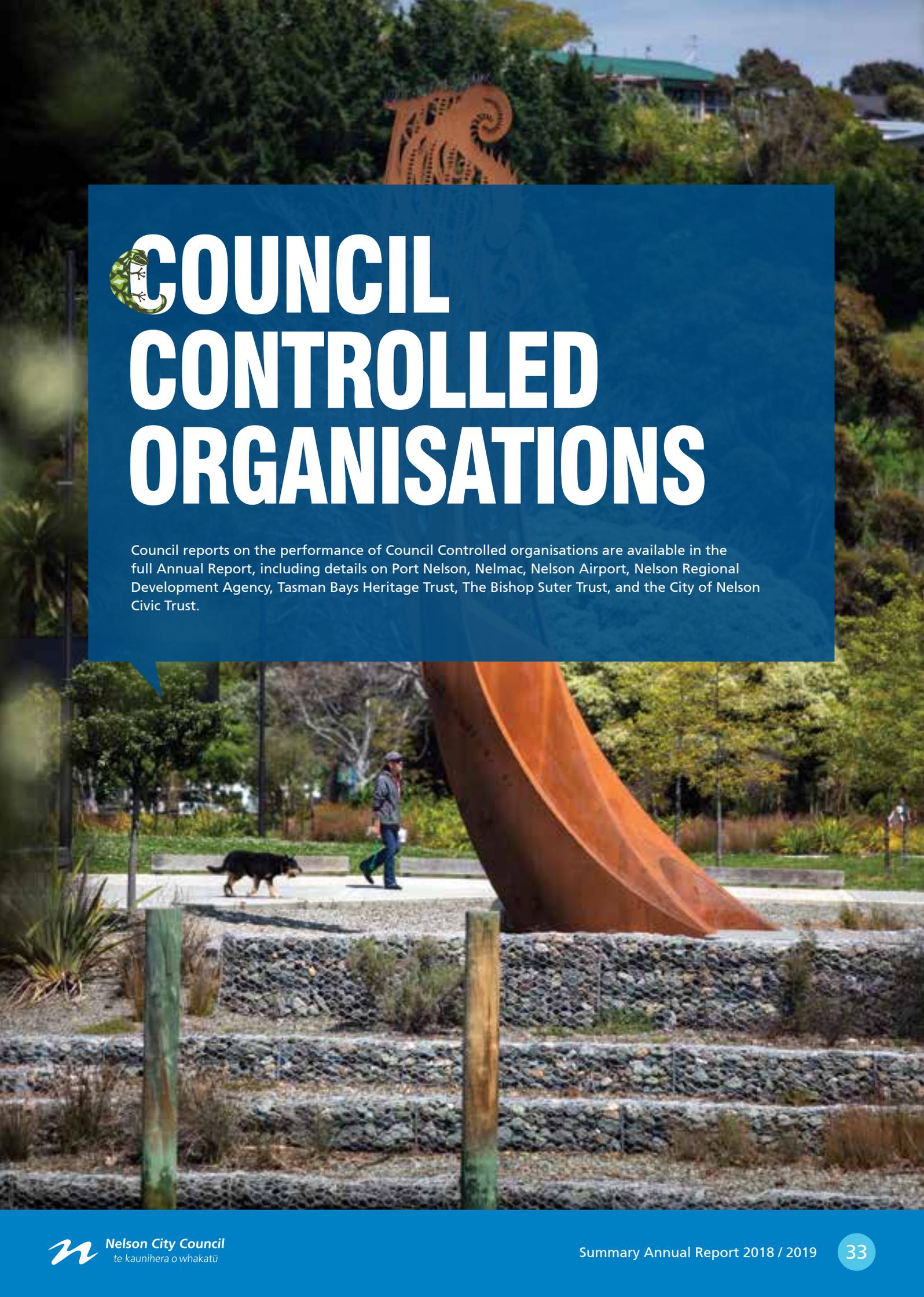


EXPENDITURE SUMMARY

How your rates dollar was spent:



*Solid waste costs are user pays and not rate funded.



COUNCIL CONTROLLED ORGANISATIONS

Council reports on the performance of Council Controlled organisations are available in the full Annual Report, including details on Port Nelson, Nelmac, Nelson Airport, Nelson Regional Development Agency, Tasman Bays Heritage Trust, The Bishop Suter Trust, and the City of Nelson Civic Trust.



CONTACT US



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COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays (from 9.00am Wednesdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson.

FOR A COPY OF FULL ANNUAL REPORT 2018/19

A copy of the full Annual Report 2018/19 is available online at nelson.govt.nz, from all Council Libraries, and from the Customer Service Centre.



CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239. Emails should be sent to enquiry@ncc.govt.nz

ATTEND A COUNCIL MEETING

Council meetings are advertised in Our Nelson. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council meetings where up to five minutes will be available for members of the public to speak to Council. You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0436.

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Governance Adviser on 03 546 0436.



Nelson City Council

te kaunihera o whakatū

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